



January 31, 2003

HOUSE BILL No. 1007

DIGEST OF HB 1007 (Updated January 22, 2003 6:39 PM - DI 103)

Citations Affected: IC 4-4; IC 4-12; IC 36-7.

Synopsis: Technology centers and parks. Establishes the technology development grant fund and program. Provides appropriations for the technology development grant program from securitized payments received under the tobacco master settlement agreement. Defines "operating expenditures" for purposes of technology development grants. Specifies the purposes for which the department of commerce may provide technology development grants. Provides that the annual distribution of a technology development grant for operating expenditures may not exceed a percentage of total operating expenditures in a particular fiscal year. Removes limitations on the establishment of certified technology parks.

Effective: July 1, 2003.

Hasler, Welch, Scholer

January 15, 2003, read first time and referred to Committee on Technology, Research and Development.

January 23, 2003, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.

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HB 1007—LS 7859/DI 51+



January 31, 2003

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1007

A BILL FOR AN ACT to amend the Indiana Code concerning economic development and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-34 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2003]:

4 **Chapter 34. Energize Indiana Technology Grant Fund**

5 **Sec. 1. As used in this chapter, "authority" refers to an**
6 **authority, separate from the state, established to securitize**
7 **payments received under the master settlement agreement (as**
8 **defined in IC 24-3-3-6).**

9 **Sec. 2. As used by this chapter, "fund" refers to the technology**
10 **development grant fund established by IC 4-12-11-8.**

11 **Sec. 3. The authority shall annually distribute four million**
12 **dollars (\$4,000,000) to the treasurer of state for deposit in the fund**
13 **on the schedule approved by the budget agency.**

14 **Sec. 4. If the authority has insufficient money to make the total**
15 **amount of transfers required by law for any fiscal year, the**
16 **authority shall make transfers for that fiscal year as directed by**
17 **the budget agency after review by the budget committee.**

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1 **Sec. 5. Four million dollars (\$4,000,000) is annually**
 2 **appropriated from money distributed under section 3 of this**
 3 **chapter to the fund, in addition to any other amount appropriated,**
 4 **for use by the department of commerce for the purposes of**
 5 **IC 4-12-11.**

6 **Sec. 6. This chapter expires July 1, 2013.**

7 **SECTION 2. IC 4-12-11 IS ADDED TO THE INDIANA CODE AS**
 8 **A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY**
 9 **1, 2003]:**

10 **Chapter 11. Technology Development Grant Fund**

11 **Sec. 1. As used in this chapter, "department" refers to the**
 12 **department of commerce established by IC 4-4-3-2.**

13 **Sec. 2. As used in this chapter, "fund" refers to the technology**
 14 **development grant fund established by section 8 of this chapter.**

15 **Sec. 3. As used in this chapter, "political subdivision" has the**
 16 **meaning set forth in IC 36-1-2-13.**

17 **Sec. 4. As used in this chapter, "redevelopment commission"**
 18 **refers to a redevelopment commission established under**
 19 **IC 36-7-14-3 or a commission (as defined in IC 36-7-15.1-3) that**
 20 **establishes a technology park.**

21 **Sec. 5. As used in this chapter, "technology park" refers to a**
 22 **certified technology park established under IC 36-7-32.**

23 **Sec. 6. As used in this chapter, "targeted employment" means**
 24 **employment in any of the following business activities:**

25 **(1) Advanced manufacturing, including the following:**

26 **(A) Automotive and electronics.**

27 **(B) Aerospace technology.**

28 **(C) Robotics.**

29 **(D) Engineering design technology.**

30 **(2) Life sciences, including the following:**

31 **(A) Orthopedics or medical devices.**

32 **(B) Biomedical research or development.**

33 **(C) Pharmaceutical manufacturing.**

34 **(D) Agribusiness.**

35 **(E) Nanotechnology or molecular manufacturing.**

36 **(3) Information technology, including the following:**

37 **(A) Informatics.**

38 **(B) Certified network administration.**

39 **(C) Software development.**

40 **(D) Fiber optics.**

41 **(4) Twenty-first century logistics, including the following:**

42 **(A) High technology distribution.**



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(B) Efficient and effective flow and storage of goods, services, or information.

(C) Intermodal ports.

Sec. 7. As used in this chapter, "technology product" means a product that involves high technology activity or otherwise involves targeted employment.

Sec. 8. The technology development grant fund is established to provide the necessary money for grants to redevelopment commissions under this chapter and the administration of this program.

Sec. 9. The fund shall be administered by the department.

Sec. 10. The expenses of administering the fund shall be paid from money in the fund. Interest that accrues from these investments shall be deposited in the fund.

Sec. 11. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds are invested.

Sec. 12. Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 13. The department shall establish a grant application procedure for redevelopment commissions.

Sec. 14. To qualify for a grant under this chapter, a redevelopment commission must:

(1) submit an application in the form prescribed by the department;

(2) demonstrate that:

(A) the redevelopment commission has established a technology park; and

(B) the grant being applied for under this chapter will assist the redevelopment commission in accomplishing the goals of the technology park under IC 36-7-32; and

(3) provide the other information required by the department.

Sec. 15. The department shall provide grants on a competitive basis from the fund to businesses that apply for a grant under this chapter. The department may select and fund part or all of an application request that:

(1) is submitted during an application period; or

(2) was submitted in a prior application period but not fully funded in that application period.

Sec. 16. (a) For purposes of this section, "operating expenditures" includes the following:

(1) Business plans.

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- (2) Marketing studies.
- (3) Mentor identification.
- (4) Securitization of capital.
- (5) Legal services.
- (6) Other necessary services.

(b) The total of all grants provided under this chapter for a technology park may not exceed the following:

- (1) Two million dollars (\$2,000,000) for the leasing, construction, or purchase of capital assets.
- (2) Two million dollars (\$2,000,000) for operating expenditures, and, subject to subsection (d), with not more than five hundred thousand dollars (\$500,000) being distributed in any one (1) fiscal year.

(c) This subsection applies to a grant provided under subsection (b)(1) for the leasing of a capital asset. The grant may be applied only to lease payments made during:

- (1) the fiscal year; or
- (2) each of the three (3) fiscal years immediately following the fiscal year;

in which the grant is provided.

(d) The annual distribution of a grant under subsection (b)(2) may not exceed the following:

- (1) Eighty percent (80%) of total operating expenditures in the fiscal year in which the grant is provided.
- (2) Sixty percent (60%) of total operating expenditures in the fiscal year after the fiscal year in which the grant is provided.
- (3) Forty percent (40%) of total operating expenditures in the second fiscal year after the fiscal year in which the grant is provided.
- (4) Twenty percent (20%) of total operating expenditures in the third fiscal year after the fiscal year in which the grant is provided.

Sec. 17. A capital expenditure grant under this chapter shall require that the lesser of:

- (1) two million dollars (\$2,000,000); or
- (2) fifty percent (50%) of the total capital costs;

of the project being funded by the grant be matched from other sources.

Sec. 18. The department may, under rules established by the department of local government finance and the procedures established by the department, award grants from the fund to one (1) or more political subdivisions to reimburse the political



subdivisions for ad valorem property taxes allocated to an allocation area as a result of a resolution adopted under IC 36-7-32-15.

SECTION 3. IC 36-7-32-11, AS ADDED BY P.L.192-2002(ss), SECTION 187, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 11.(a) After receipt of an application under section 10 of this chapter, and subject to subsection (b), the department of commerce may designate a certified technology park if the department determines that the application demonstrates a firm commitment from at least one (1) business engaged in a high technology activity creating a significant number of jobs and satisfies one (1) or more of the following additional criteria:

(1) A demonstration of significant support from an institution of higher education or a private research based institute located within, or in the vicinity of, the proposed certified technology park, as evidenced by the following criteria:

(A) Grants of preferences for access to and commercialization of intellectual property.

(B) Access to laboratory and other facilities owned by or under the control of the institution of higher education or private research based institute.

(C) Donations of services.

(D) Access to telecommunications facilities and other infrastructure.

(E) Financial commitments.

(F) Access to faculty, staff, and students.

(G) Opportunities for adjunct faculty and other types of staff arrangements or affiliations.

(H) Other criteria considered appropriate by the department.

(2) A demonstration of a significant commitment by the institution of higher education or private research based institute to the commercialization of research produced at the certified technology park, as evidenced by the intellectual property and, if applicable, tenure policies that reward faculty and staff for commercialization and collaboration with private businesses.

(3) A demonstration that the proposed certified technology park will be developed to take advantage of the unique characteristics and specialties offered by the public and private resources available in the area in which the proposed certified technology park will be located.

(4) The existence of or proposed development of a business incubator within the proposed certified technology park that

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exhibits the following types of resources and organization:

(A) Significant financial and other types of support from the public or private resources in the area in which the proposed certified technology park will be located.

(B) A business plan exhibiting the economic utilization and availability of resources and a likelihood of successful development of technologies and research into viable business enterprises.

(C) A commitment to the employment of a qualified full-time manager to supervise the development and operation of the business incubator.

(5) The existence of a business plan for the proposed certified technology park that identifies its objectives in a clearly focused and measurable fashion and that addresses the following matters:

(A) A commitment to new business formation.

(B) The clustering of businesses, technology, and research.

(C) The opportunity for and costs of development of properties under common ownership or control.

(D) The availability of and method proposed for development of infrastructure and other improvements, including telecommunications technology, necessary for the development of the proposed certified technology park.

(E) Assumptions of costs and revenues related to the development of the proposed certified technology park.

(6) A demonstrable and satisfactory assurance that the proposed certified technology park can be developed to principally contain property that is primarily used for, or will be primarily used for, a high technology activity or a business incubator.

(b) The department of commerce may not approve an application that would result in a substantial reduction or cessation of operations in another location in Indiana in order to relocate them within the certified technology park.

SECTION 4. IC 36-7-32-22, AS ADDED BY P.L.192-2002(ss), SECTION 187, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 22. (a) The treasurer of state shall establish an incremental tax financing fund for each certified technology park designated under this chapter. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for a certified technology park under subsection (a):

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(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the certified technology park, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the certified technology park.

(2) The aggregate amount of the following taxes paid by employees employed in the certified technology park with respect to wages earned for work in the certified technology park, until the amount deposited equals the income tax incremental amount:

(A) The adjusted gross income tax.

(B) The county adjusted gross income tax.

(C) The county option income tax.

(D) The county economic development income tax.

~~(e) Not more than a total of five million dollars (\$5,000,000) may be deposited in a particular incremental tax financing fund for a certified technology park over the life of the certified technology park.~~

~~(d)~~ (c) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a certified technology park shall be distributed to the redevelopment commission for deposit in the certified technology park fund established under section 23 of this chapter.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Technology, Research and Development, to which was referred House Bill 1007, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, delete lines 7 through 42.

Delete page 3.

Page 4, delete lines 1 through 36.

Page 6, line 18, delete "to accomplish" and insert "**in accomplishing**".

Page 6, line 28, after "16." insert "**(a) For purposes of this section, 'operating expenditures' includes the following:**

- (1) Business plans.**
- (2) Marketing studies.**
- (3) Mentor identification.**
- (4) Securitization of capital.**
- (5) Legal services.**
- (6) Other necessary services.**

(b)".

Page 6, line 30, delete "Three million dollars (\$3,000,000) for capital expenditures." and insert "**Two million dollars (\$2,000,000) for the leasing, construction, or purchase of capital assets.**".

Page 6, line 31, delete "One" and insert "**Two**".

Page 6, line 31, delete "(\$1,000,000)" and insert "**(\$2,000,000)**".

Page 6, line 32, after "expenditures," insert "**and, subject to subsection (d),**".

Page 6, line 32, delete "two" and insert "**five**".

Page 6, line 32, delete "fifty".

Page 6, line 33, delete "(\$250,000)" and insert "**(\$500,000)**".

Page 6, line 33, delete "given" and insert "**distributed**".

Page 6, between lines 33 and 34, begin a new paragraph and insert: "**(c) This subsection applies to a grant provided under subsection (b)(1) for the leasing of a capital asset. The grant may be applied only to lease payments made during:**

- (1) the fiscal year; or**
- (2) each of the three (3) fiscal years immediately following the fiscal year;**

in which the grant is provided.

(d) The annual distribution of a grant under subsection (b)(2) may not exceed the following:

- (1) Eighty percent (80%) of total operating expenditures in the fiscal year in which the grant is provided.**

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(2) Sixty percent (60%) of total operating expenditures in the fiscal year after the fiscal year in which the grant is provided.

(3) Forty percent (40%) of total operating expenditures in the second fiscal year after the fiscal year in which the grant is provided.

(4) Twenty percent (20%) of total operating expenditures in the third fiscal year after the fiscal year in which the grant is provided."

Page 6, line 34, delete "may" and insert "**shall**".

Page 6, delete line 35 and insert "**require that the lesser of:**

(1) two million dollars (\$2,000,000); or

(2) fifty percent (50%) of the total capital costs;

of".

Page 7, line 8, reset in roman "determines that the application demonstrates".

Page 7, line 10, strike "satisfies".

Page 7, line 11, strike "additional".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1007 as introduced.)

HASLER, Chair

Committee Vote: yeas 13, nays 0.

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